



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget and Taxation Committee

FROM: NFIB – Maryland

DATE: February 8, 2023

RE: **OPPOSE SENATE BILL 270** – More Local Tax Relief for Working Families Act of 2023

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB opposes Senate Bill 270 – legislation that increases the maximum income tax rate a county may impose on Maryland taxable income. The increase goes from 3.2% to 3.7%.

NFIB is concerned small business owners will see their local income taxes raised again on the heels of SB133/HB319 (2021). That legislation required all counties and the City of Baltimore to impose a minimum 2.25% local income tax on Maryland taxable income. Further, it set a maximum of 3.2%. According to SB270's fiscal note, 10 counties and the City of Baltimore now impose the highest allowable tax rate. This legislation would let those jurisdictions go even higher making it less affordable for small businesses to operate in those areas. That would be to the detriment of consumers and clients in those communities.

Given Maryland's unique geography and compact size, SB270 will put small businesses in such counties at a competitive disadvantage to their neighbors, not just over state lines, but now over county lines.

NFIB strongly supported legislation in 2020 (SB223/HB185) establishing a commission to evaluate the State's tax systems and make recommendations to ensure Maryland's tax policy is competitive with surrounding jurisdictions and encourages business growth and job creation. Our members and their workers have faced financial hardships not seen in generations because of the COVID-19 pandemic.

SB270

We encourage the General Assembly to revisit the idea of such a commission before passing legislation like SB270 which creates more of a financial web small business owners must work through to ensure they remain competitive and financially viable.

For these reasons, **NFIB opposes SB270** and request an unfavorable report.